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ARIZONA BOARD OF FINGERPRINTING

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Draft Minutes for Public Meeting

Held April 20, 2007, at 9:00 a.m.

3839 North 3rd Street, Suite 101, Phoenix, Arizona

Board Members

Mike LeHew, Department of Economic Security, Chair
Kim Pipersburgh, Department of Health Services, Vice Chair
Rand Rosenbaum, Administrative Office of the Courts
Charles Easaw, Department of Education
Arthur W. Baker, Department of Juvenile Corrections

Executive Director

Dennis Seavers

CALL TO ORDER AND ROLL CALL

Mr. LeHew called the meeting to order at 10:59 a.m. The following Board members were present: Mike LeHew, Kim Pipersburgh, Rand Rosenbaum, Charles Easaw, and Arthur W. Baker. No Board members were absent.

Also in attendance was Dennis Seavers, Executive Director.

CALL TO THE PUBLIC

Mr. LeHew made a call to the public. There were no members of the public present.

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MINUTES

Ms. Pipersburgh made a motion to adopt the draft minutes from February 9, 2007, including the executive-session minutes, and April 10, 2007. Mr. Baker seconded the motion, which passed, 5-0.

EXECUTIVE DIRECTOR'S REPORT

Mr. Seavers referred the Board members to his written report on the Board's expenditures and revenues through the third quarter of fiscal year ("FY") 2007.

Mr. Seavers referred the Board members to his written report on the Board's progress toward its performance measures through the third quarter of FY 2007. Mr. Rosenbaum noted that the average number of days spent processing applications was longer than the target of 47 days. Mr. Seavers explained that the longer time period was expected because the average included backlogged cases; as the backlog was being reduced, the Board was closing cases that had been open for a long time. The Board asked Mr. Seavers to separate out backlogged cases in future reports. Mr. Rosenbaum asked whom the information from the strategic plan would be shared with. Mr. Seavers replied that the information is shared with the Governor's Office for Strategic Planning and Budgeting ("OSPB") annually, and the information appears on the Board's Web site. Mr. Rosenbaum suggested having an explanation on the Web site for why the average number of days had increased.

Mr. Seavers explained that Senate Bill 1045, which the Board had requested to be introduced and which the Board helped craft, was signed by the governor. Mr. Seavers sent a note on the Board's behalf to Senator Linda Gray, thanking her for introducing the bill, and Senator Gray responded with a note thanking the Board for bringing the legislation to her attention. Mr. Seavers also explained that Senate Bill 1316, which would add programs to the fingerprint-clearance-card system, was moving through the legislature. The effect of the bill on the Board's caseload would be negligible.

ESTABLISHMENT OF NEW STAFF POSITIONS AND AUTHORIZATION OF RELATED EXPENDITURES

Mr. Seavers referred the Board members to his April 17, 2007 memorandum on the impact of House Bill 2021 and the possible actions the Board could take to respond to the bill's time-frame requirements.

Mr. Baker agreed with Mr. Seavers's proposal for additional positions and an increase in the Board's budget. Mr. Baker also agreed with the proposal to lease additional space; he noted that it was important for the Board to have a permanent location for conducting hearings and meetings, rather than moving from location to location or having an unreliable meeting space.

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Mr. Seavers explained that the bill was moving through the Legislature and would be awaiting concurrence in the Senate. He believed that it would clear the Legislature and be signed by the governor. He recommended that any action the Board might take to adopt the proposal for new positions and related expenditures be contingent upon the bill being signed into law. Mr. Seavers emphasized the assumptions reflected in the budgetary proposal. In particular, he indicated that the proposal assumed that next fiscal year's budget would remain the same as this fiscal year's budget. He noted that, in reality, the FY 2008 budget would need to reflect certain changes, such as pay raises approved by the Legislature or changes in the cost of benefits. In addition, changes to budgets in future fiscal years would affect the fund-balance projections.

Mr. Seavers told the Board members that the amendment to the bill had stated that the expedited review must take place within 20 days from receipt of the application. In working with Senator Arzberger on the time-frames amendment, Mr. Seavers had stressed the importance of having the time frame begin when the Board receives a complete application. However, the amendment did not include the word "complete." At the request of Senator Arzberger, Mr. Seavers asked the assistant attorney general whether the Board could define "application" in rule to mean a complete application. The purpose of not changing the amendment was to avoid a conference committee, if possible. The assistant attorney general stated that the Board could define "application" in rule to mean a complete application.

Mr. Baker made a motion to approve establishment of the new positions and related expenditures, including leasing additional office space, as proposed by Mr. Seavers and contingent upon the bill passing into law. Ms. Pipersburgh seconded the motion, which passed, 5-0.

ADJOURNMENT

Mr. Pipersburgh made a motion to adjourn the meeting, and Mr. Easaw seconded. The motion passed, 5-0. Mr. LeHew adjourned the meeting at 11:25 a.m.

Minutes approved on _____

Dennis Seavers, Executive Director

Arizona Board of Fingerprinting
FY 2007 Budget
July 1, 2006, to March 31, 2007

Minutes, 4/20/2007
ATTACHMENT 1

	Q1 - Q3	Budget	\$ Over Budget	% of Budget
Income				
4900 - Transfers In				
4901 - Operating Transfers In	170,556.00	270,000.00	-99,444.00	63.17%
Total 4900 - Transfers In	170,556.00	270,000.00	-99,444.00	63.17%
FY06 Carryover	561,750.30	561,750.30	0.00	100.0%
Total Income	732,306.30	831,750.30	-99,444.00	88.04%
Expense				
6000 - Personal Services				
6010 - Basic Compensation				
6011 - Regular Base Salary	112,101.22	133,936.86	-21,835.64	83.7%
Total 6010 - Basic Compensation	112,101.22	133,936.86	-21,835.64	83.7%
6030 - Exception Compensation				
6028 - 2.5% Performance Pay	3,085.31	3,348.42	-263.11	92.14%
6031 - Overtime	30.11			
Total 6030 - Exception Compensation	3,115.42	3,348.42	-233.00	93.04%
6040 - Leave Compensation				
6041 - Annual Leave	6,180.85			
6042 - Sick Leave	3,507.55			
6047 - Annual Leave Payout	754.68			
6048 - Holiday Leave Taken	6,183.47			
Total 6040 - Leave Compensation	16,626.55			
Total 6000 - Personal Services	131,843.19	137,285.28	-5,442.09	96.04%
6100 - ERE				
6110 - Insurance				
6111 - FICA	9,958.62	10,045.27	-86.65	99.14%
6113 - Medical Insurance	9,619.56	26,937.00	-17,317.44	35.71%
6114 - Basic Life	121.26	124.08	-2.82	97.73%
6116 - Long-term Disability	655.49	669.68	-14.19	97.88%
6117 - Unemployment Insurance	198.26	200.90	-2.64	98.69%

Arizona Board of Fingerprinting
FY 2007 Budget
July 1, 2006, to March 31, 2007

Minutes, 4/20/2007
ATTACHMENT 1

	Q1 - Q3	Budget	\$ Over Budget	% of Budget
6118 - Dental Insurance	841.27	1,259.01	-417.74	66.82%
6119 - Worker's Compensation	655.46	669.68	-14.22	97.88%
Total 6110 - Insurance	22,049.92	39,905.62	-17,855.70	55.26%
6150 - Retirement Plan Payments				
6155 - ASRS	11,166.68	11,518.57	-351.89	96.95%
Total 6150 - Retirement Plan Payments	11,166.68	11,518.57	-351.89	96.95%
6180 - Other ERE				
6183 - Personal Services	1,378.32	1,339.37	38.95	102.91%
6185 - GITA Charge	190.51	200.90	-10.39	94.83%
6186 - Atty. Gen. Pro Rate Chg.	837.19	850.50	-13.31	98.44%
6189 - Sick Leave Accumulation	527.33	535.75	-8.42	98.43%
Total 6180 - Other ERE	2,933.35	2,926.52	6.83	100.23%
Total 6100 - ERE	36,149.95	54,350.71	-18,200.76	66.51%
6200 - Prof. & Outside Services				
6210 - Financial Services				
6211 - Bond Issuance Cost	1,031.25	1,031.25	0.00	100.0%
Total 6210 - Financial Services	1,031.25	1,031.25	0.00	100.0%
6270 - Education & Training				
6271 - Education & Training	32.00	32.00	0.00	100.0%
Total 6270 - Education & Training	32.00	32.00	0.00	100.0%
6290 - Other Prof. & Out. Svcs.				
6299 - Other Prof. & Out. Svcs.	2,231.00	15,000.00	-12,769.00	14.87%
Total 6290 - Other Prof. & Out. Svcs.	2,231.00	15,000.00	-12,769.00	14.87%
Total 6200 - Prof. & Outside Services	3,294.25	16,063.25	-12,769.00	20.51%
7000 - Other Operating				
7150 - IT Services				
7153 - Internal Svc. Data Proc.	3,692.40	4,800.00	-1,107.60	76.93%

Arizona Board of Fingerprinting
FY 2007 Budget
July 1, 2006, to March 31, 2007

Minutes, 4/20/2007
ATTACHMENT 1

	Q1 - Q3	Budget	\$ Over Budget	% of Budget
7172 - External Comm. Long Dist	5,841.23	3,750.00	2,091.23	155.77%
7179 - Other External Comm.	1,837.99	3,000.00	-1,162.01	61.27%
Total 7150 - IT Services	11,371.62	11,550.00	-178.38	98.46%
 7200 - Rental Expenditures				
7221 - Rental of Land & Bldgs.	9,353.36	26,530.04	-17,176.68	35.26%
7229 - Miscellaneous Rent	144.00	200.00	-56.00	72.0%
Total 7200 - Rental Expenditures	9,497.36	26,730.04	-17,232.68	35.53%
 7250 - Repair & Maintenance				
7266 - Repair/Maint-Other Equip	188.41	270.00	-81.59	69.78%
Total 7250 - Repair & Maintenance	188.41	270.00	-81.59	69.78%
 7300 - Operating Supplies				
7321 - Office Supplies	8,599.94	4,500.00	4,099.94	191.11%
Total 7300 - Operating Supplies	8,599.94	4,500.00	4,099.94	191.11%
 7450 - Conf, Edu, & Traning				
7455 - Conf, Edu, & Train Regis	890.25			
Total 7450 - Conf, Edu, & Traning	890.25			
 7480 - Postage & Delivery				
7481 - Postage & Delivery	7,406.97	7,500.00	-93.03	98.76%
Total 7480 - Postage & Delivery	7,406.97	7,500.00	-93.03	98.76%
 7500 - Miscellaneous Operating				
7511 - Awards	201.61			
7541 - Books, Subscr., & Pubs.	1,878.10	900.00	978.10	208.68%
Total 7500 - Miscellaneous Operating	2,079.71	900.00	1,179.71	231.08%
 Total 7000 - Other Operating	40,034.26	51,450.04	-11,415.78	77.81%
 8500 - Non-capital Equipment				
8550 - EDP Equip PC/LAN Non-cap				
8551 - EDP Equip. Non-cap Purch	4,866.24	2,500.00	2,366.24	194.65%

Arizona Board of Fingerprinting
FY 2007 Budget
July 1, 2006, to March 31, 2007

Minutes, 4/20/2007
ATTACHMENT 1

	Q1 - Q3	Budget	\$ Over Budget	% of Budget
Total 8550 - EDP Equip PC/LAN Non-cap	4,866.24	2,500.00	2,366.24	194.65%
8570 - Other Equip. - Non-cap.				
8571 - Other Equip. - Non-cap.	805.25			
Total 8570 - Other Equip. - Non-cap.	805.25			
8580 - Non-capitalized Software				
8583 - PC/LAN Software Non-cap.	3,178.32	1,400.00	1,778.32	227.02%
Total 8580 - Non-capitalized Software	3,178.32	1,400.00	1,778.32	227.02%
Total 8500 - Non-capital Equipment	8,849.81	3,900.00	4,949.81	226.92%
9100 - Transfers out				
9101 - Operating Transfers Out	10,253.00	22,754.00	-12,501.00	45.06%
Total 9100 - Transfers out	10,253.00	22,754.00	-12,501.00	45.06%
Total Expense	230,424.46	285,803.28	-55,378.82	80.62%
Net Income	501,881.84	545,947.02	-44,065.18	91.93%

Arizona Board of Fingerprinting
Fiscal Year 2007 Strategic Plan
July 1 to March 31, 2007

Goal 1. To make fair and consistent determinations on good cause exceptions

Performance Measure	FY05 Actual	FY06 Actual	FY07 Estimate	FY07 Actual				
				Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Percent of investigator recommendations for expedited reviews accepted	85.80%	97.01%	98.00%	97.34%	97.64%	94.46%		96.42%
Percent of applications approved	80.71%	65.29%	70.00%	90.61%	92.64%	93.37%		92.23%
Percent of approvals by expedited review	57.20%	72.85%	70.00%	85.71%	88.70%	81.17%		84.82%
Percent of approvals by administrative hearing	42.80%	27.15%	30.00%	14.29%	11.30%	18.83%		15.18%

Goal 2: To provide applicants with timely decisions on their good-cause-exception applications

Performance Measure	FY05 Actual	FY06 Actual	FY07 Estimate	FY07 Actual				
				Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Number of applications received	1,531	1,770	2,046	503	474	473		1,450
Number of applications disposed	1,492	1,769	2,046	337	362	443		1,142
Ratio of cases opened to cases closed	1:97	1:1	1:1	1:67	1:76	1:94		1:79
Average number of days to dispose	79.07	81.89	70.00	79.20	97.48	138.62		108.01
Average number of days spent processing applications	54.37	55.31	47.00	50.13	77.90	108.32		81.47

Average number of days spent processing application from receipt to expedited review	17.83	43.50	35.00	18.52	21.29	31.55		24.12
Percent of applications that undergo an expedited review within 20 days (processing time)	73.03%	72.86%	80.00%	61.67%	55.92%	18.01%		43.96%
Average days from expedited review to hearing	52.59	64.22	55.00	57.71	66.71	63.92		62.39
Percent of applications heard within 60 days of expedited review	70.99%	42.42%	60.00%	69.57%	22.22%	45.24%		48.48%
Percent of applications decided within 60 days of hearing	91.08%	67.83%	75.00%	42.03%	52.27%	0.00%		26.40%

Goal 3. To develop fair and comprehensible rules, policies, and procedures for determining good cause exceptions

Performance Measure	FY05 Actual	FY06 Actual	FY07 Estimate	FY07 Actual				
				Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Number of requests received	2,844	3,020	3,207	810	854	718		2,382
Ratio of requests for good cause exceptions to applications submitted	1:1.54	1:1.59	1:1.64	1:1.62	1:1.56	1:1.66		1:1.61
Percent of applications complete on initial submission	53.35%	37.42%	45.00%	40.36%	34.39%	42.49%		39.10%

Arizona Board of Fingerprinting

Memo

TO: Board members and alternates
FROM: Dennis Seavers
C:
Date: April 17, 2006
SUBJECT: Impact of HB 2021 on Board's operations and budget



This memo describes the provisions of House Bill ("HB") 2021 that would affect the Board's operations and budget. The memo also recommends that the Board, at its upcoming April 20, 2007, business meeting, approve establishing two new staff positions and various expenditures associated with the staff increase, unless the bill is vetoed by the governor. The memo explains that the Board's budget would increase by about \$130,801.99, or 34.45%, and there would be approximately \$24,860.40 in one-time costs.

Summary

To comply with the time-frame requirements of HB 2021, I recommend that the Board immediately establish two new positions—an additional investigator and an additional hearing officer. Creating the new staff positions would increase the Board's budget by about \$130,801.99, or 34.45%, and there would be approximately \$24,860.40 in one-time costs. The increased budget would require the Board to increase its fee by \$1.00, although the increase would not need to take place immediately.

Provisions of HB 2021

A strike-everything amendment to HB 2021 would add to the fingerprint-clearance-card system students at a postsecondary institution who are required to attend clinical training in health-care facilities. Estimates for the number of new fingerprint-clearance-card applicants have ranged from 175 to 3,000 applicants. Even with the higher estimate, the newly added population should not have a significant impact on the Board operations.

However, a floor amendment adopted by the Senate Committee of the Whole would impose time frames on the Board. For further explanation of the time frames, Board members should refer to the August 6, 2007, meeting minutes, which are available at www.azbof.gov/meetings.htm.

Impact of time-frame provisions on Board operations and budget

In order to comply with the time frames, I anticipate that the Board will need to hire two new employees—an additional investigator to ensure compliance with the expedited-review time frame and an additional hearing officer to ensure compliance with the administrative-hearing time frames, particularly the period of time from hearing to Board decision.

Establishing two new positions would require the Board to incur various expenditures, including ongoing costs. Table 1 below summarizes the estimated annual costs for hiring the two new employees. A one-time cost is an expenditure that is not incurred each fiscal year, such as equipment purchases. Ongoing costs are expenses that must be incurred in each fiscal year, such as salaries or rent. Details about the expenditures appear after Table 1.

**Table 1. Annual Costs Entailed by Establishing Two New Staff Positions
(Investigator and Hearing Officer)**

Expenditure Description	Category	Cost
Personal services	Ongoing	\$ 81,397.15
Employee-related expenditures	Ongoing	\$ 26,208.84
Furniture	One-time	\$ 13,860.40
Information technology	Ongoing	\$ 2,000.00
Computer-related	One-time	\$ 11,000.00
Risk management	Ongoing	\$ 1,000.00
Rent	Ongoing	\$ 20,196.00
Total		\$ 155,662.39
Total less one-time costs		\$ 130,801.99

Personal services and employee-related expenditures

The estimates for personal services (salary) and employee-related expenditures (benefits) are predicated on the following proposed salaries for the two new positions.

- Hearing officer\$43,500
- Investigator\$36,000

Furniture

Furniture costs include the conference table approved at the Board's April 6, 2007, business meeting. They also include two cubicle workstations for the investigators; a desk and bookcase for the new hearing officer; and chairs. All furniture expenditures would be one-time costs.

For additional information about the layout of the office and the location for the new furniture, please see the comments in the "Rent" section below.

Information technology

At the time I wrote this memo, I was waiting on cost estimates for information technology from AzNET, the state's IT provider. Based on the costs for moving to the Board's new location, I provided an estimate that should be a worst-case cost. The costs would include installation of two new telephone systems and providing network connections for three new locations.

For additional information about the where the additional telephone and network connections will be put, please see the comments in the "Rent" section below.

Computer-related

Computer-related expenditures would be one-time costs and would include the following: new desktop computer for the investigator and hearing officer, a new laptop computer for the hearing officer, and new printers for the employees.

Risk management

The estimate for the risk-management cost is based on current assessments.

Rent

If the Board hires two new employees, it will need to provide space in the office for workstations. Below, I describe two options the Board has, and I recommend the second option.

- **Option 1.** The current conference room would be used as space for two cubicles for the two investigators. The Board could rent, at the cost of \$60 per day, a room available on the third floor. This room would be rented as needed for Board meetings and hearings. The advantage of this option is that it would cost much less than leasing addition space, as described in Option 2 below. However, there are two prominent disadvantages. First, there would not be telecommunications available in the conference room. Without telephone systems, the Board could not allow applicants to participate in a hearing by telephone. Second, the availability of the space may not be reliable. Other tenants are allowed to rent the space, and the landlord may decide to lease the space full time instead of making it available to current tenants on a rent-by-the-day basis.
- **Option 2.** The Board would lease space available in the building to use as a conference room. This leased space would be incorporated into the Board's current lease contract and would be available at the same rate and under the same terms and conditions. The building only has 1,000-square-foot suites available. One suite is on the same floor as the Board office. Although it is larger than the current conference room, it would work very well as a conference room. Despite the considerable cost, I would recommend that the Board lease the space, which would be used for Board meetings and hearings.

Effect of increased expenditures on the Board's fund balance

At the end of the current fiscal year, the Board will have an estimated fund balance of \$542,797.55. This balance will shield the Board from the immediate effects of the increased expenditures. However, at the current rate of revenue, the Board will have a deficit in the ratio of expenditures to revenues. To address this deficit, the Board will need to take steps over the course of the next or following fiscal year to increase its portion of the fingerprint-clearance-card fee. The Board would not need to take action on a fee increase at the April 20, 2007, meeting.

However, when considering whether it should establish two new staff positions, the Board should take into consideration the likelihood of an increase in the Board's fee.

Table 2. Fund Balance over Five Fiscal Years According to Fees Collected

Fee	Budget	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
\$3.00	Revenues	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00
	Prev. FY Balance	\$ 542,797.55	\$ 407,328.73	\$ 271,859.92	\$ 136,391.10	\$ 922.28
	Expenditures	\$ 510,468.82	\$ 510,468.82	\$ 510,468.82	\$ 510,468.82	\$ 510,468.82
	Net Income	\$ 407,328.73	\$ 271,859.92	\$ 136,391.10	\$ 922.28	\$ (134,546.54)
\$4.00	Revenues	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00
	Prev. FY Balance	\$ 542,797.55	\$ 532,328.73	\$ 521,859.92	\$ 511,391.10	\$ 500,922.28
	Expenditures	\$ 510,468.82	\$ 510,468.82	\$ 510,468.82	\$ 510,468.82	\$ 510,468.82
	Net Income	\$ 532,328.73	\$ 521,859.92	\$ 511,391.10	\$ 500,922.28	\$ 490,453.46
\$5.00	Revenues	\$ 625,000.00	\$ 625,000.00	\$ 625,000.00	\$ 625,000.00	\$ 625,000.00
	Prev. FY Balance	\$ 542,797.55	\$ 657,328.73	\$ 771,859.92	\$ 886,391.10	\$ 1,000,922.28
	Expenditures	\$ 510,468.82	\$ 510,468.82	\$ 510,468.82	\$ 510,468.82	\$ 510,468.82
	Net Income	\$ 657,328.73	\$ 771,859.92	\$ 886,391.10	\$ 1,000,922.28	\$ 1,115,453.46

Chart 1. End-of-Fiscal-Year Fund Balances by Fee

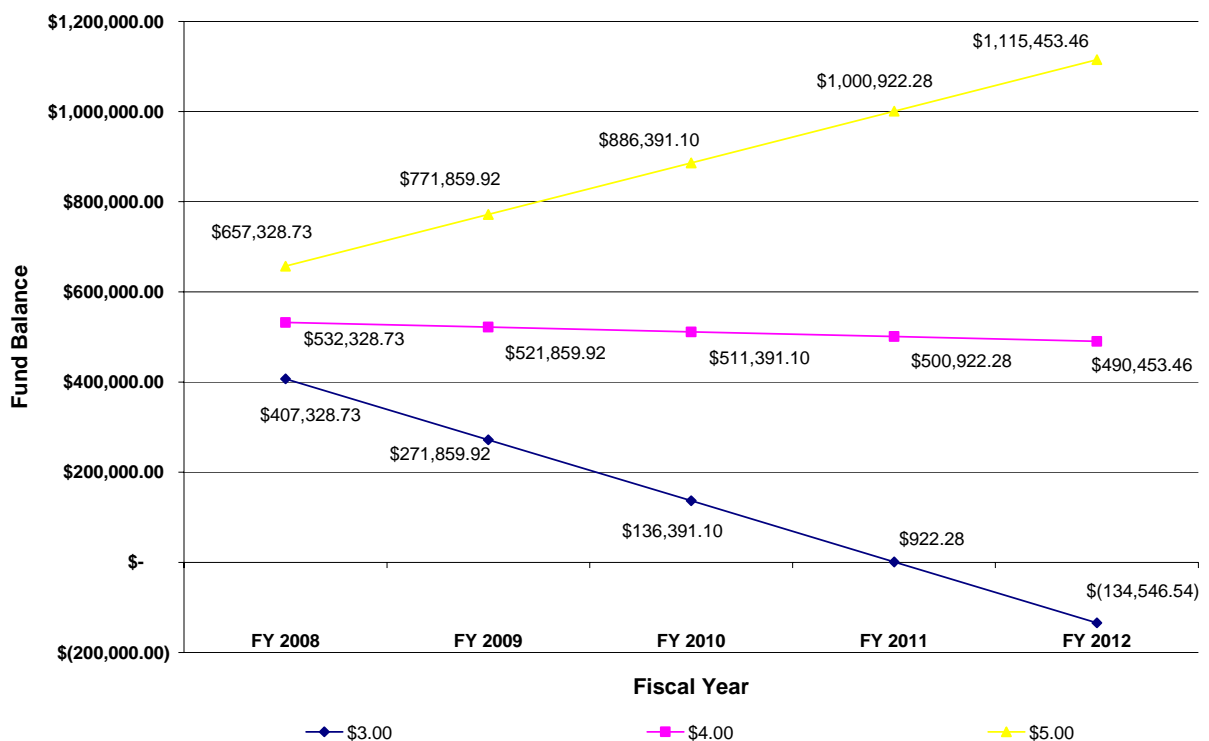


Table 2 and Chart 1 above demonstrate that the Board's current fee will yield revenues that are insufficient to cover the proposed increase to the annual budget. If the Board adopts my

recommendation to establish two new positions, its fund balance will be exhausted within four fiscal years. Board members should note that the information above makes several assumptions, including a steady number of fingerprint-clearance-card applicants and, most importantly, a budget that remains unchanged between fiscal years.

The Board will need to alter its portion of the fingerprint-clearance-card fee. Currently, the Board receives \$3.00 for each fingerprint-clearance-card application. For the current fiscal year, I have estimated that the Department of Public Safety would receive about 120,000 applicants. The information in Table 2 and Chart 1 assume that from fiscal years 2008 to 2012, there will be 125,000 applicants each fiscal year.

While the current fee structure would exhaust the Board's fund balance, an increase of \$2.00 (making the Board's portion of the card fee \$5.00) would yield an inappropriately high fund balance, which would reach over one million dollars by fiscal year 2011. Based on this information, I would recommend that the Board ultimately increase its fee to \$4.00 (or \$1.00 more than the current fee).